



London Investor Day November 13, 2006

## Patent Portfolio Quality

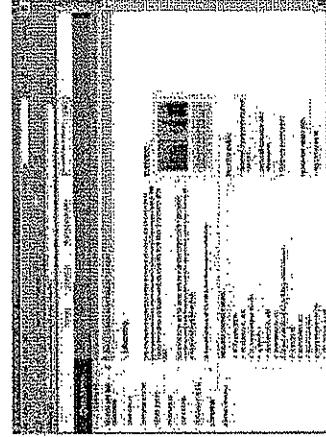
From Nokia's 3Q 2006 Earnings Conference Call:

*"In addition to our vast quantity of patents, we also believe that the quality of our patent portfolio is second to none and thus stands up well to those of Qualcomm and others."*

- Rick Simonson  
Nokia, CFO

Really?

- How many companies have taken royalty bearing CDMA or WCDMA licenses from Nokia? Who are they? Any major players?
- QUALCOMM Patent Portfolio
  - Over 120 companies with royalty bearing CDMA2000 licenses (including Nokia)
  - Over 70 companies with royalty bearing WCDMA licenses (including Nokia)

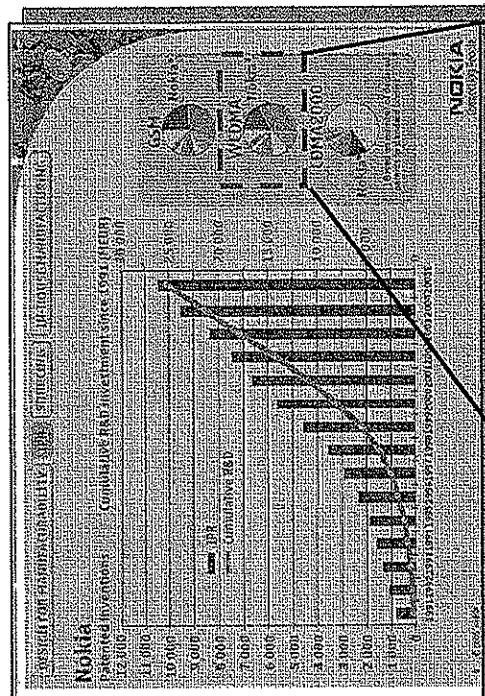




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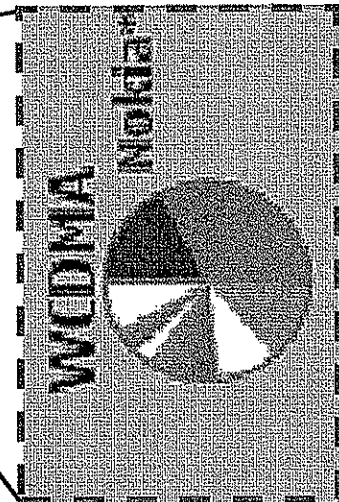
## Nokia's Self-proclaimed WCDMA Patent Share in December 2005

Nokia Capital Market Days Presentation, Dec 2005



Nokia now attempts to value patent portfolio by simply counting alleged essential patents

Nokia's self-proclaimed WCDMA patent share is approximately 13%

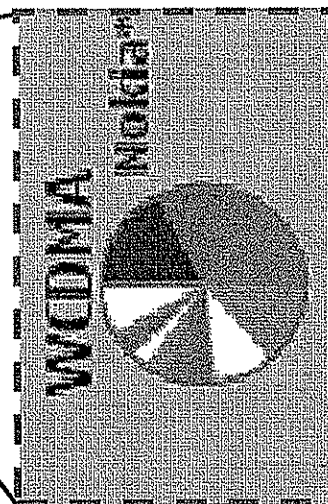
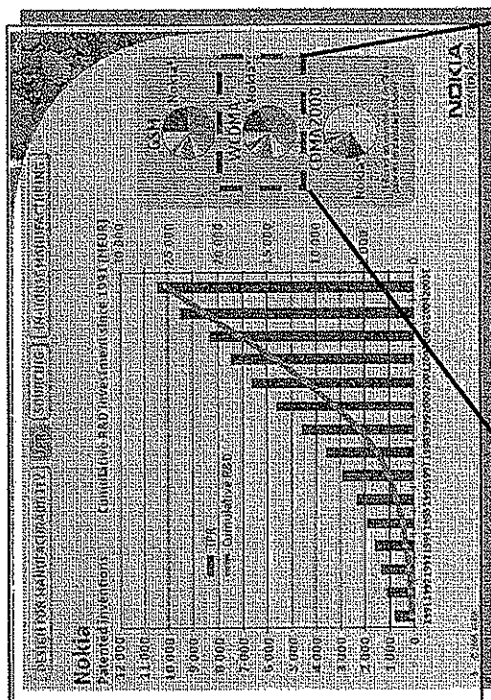


QUALCOMM

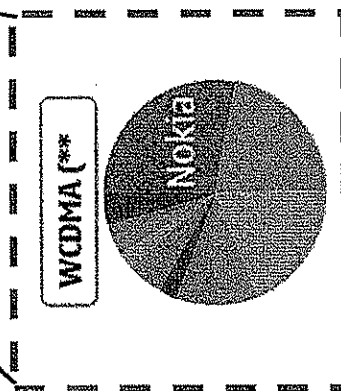
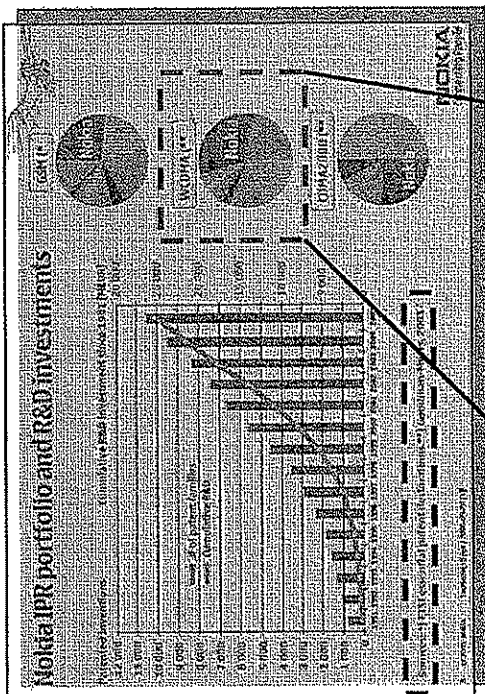
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# Nokia Doubled\* its Self-proclaimed WCDMA Patent Share Based on Conclusions Drawn from the Goodman-Myers Report

Nokia Capital Market Days Presentation, Dec 2005



Nokia IPR Landscape Presentation, Oct 2006



\*Note: Share increased from ~13% to ~25%; percentages from Goodman-Myers 2005 Report.



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## Nokia's Frequently Quoted Goodman-Myers 2005 Report is not only Fundamentally Flawed but also Biased – Funded Entirely by Nokia

*“FRI hereby states that the published study authored by Drs. David Goodman and Robert Myers entitled ‘3G Cellular Standards and Patents’ was sponsored by the Nokia Corporation headquartered in Espoo, Finland. No other entity funded the study in any way.”*

**- Emmett Murtha**  
President, Fairfield Resources, Inc.

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

NOKIA CORPORATION  
Plaintiff  
vs.  
QUALCOMM INCORPORATED  
Defendant

NOV 05 11:59 (06/05)  
NOV 14 2006

AFFIDAVIT OF EMMETT MURTHA

STATE OF CONNECTICUT  
COUNTY OF FAIRFIELD

I, Emmett Murtha, being duly sworn, depose and say that the published study entitled “3G Cellular Standards and Patents” was sponsored by the Nokia Corporation headquartered in Espoo, Finland. No other entity funded the study in any way.

Subscribed and sworn to before me on this 14th day of November, 2006.

*Emmett Murtha*  
Emmett Murtha  
President, Fairfield Resources, Inc.

NOTED & FILED  
CLERK OF DISTRICT COURT  
DISTRICT OF MASSACHUSETTS  
NOV 14 2006



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## Litigation Exposure

### Example of Revenue Exposure Magnitude Comparison

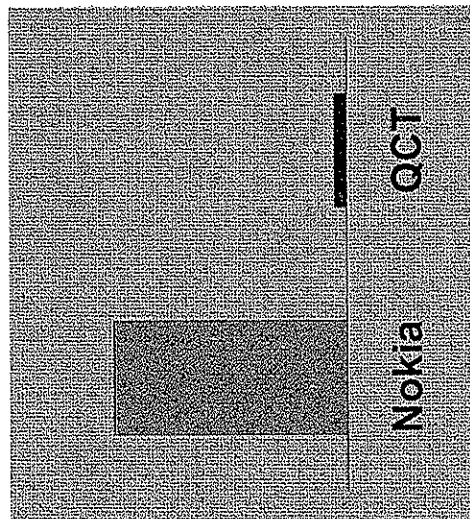
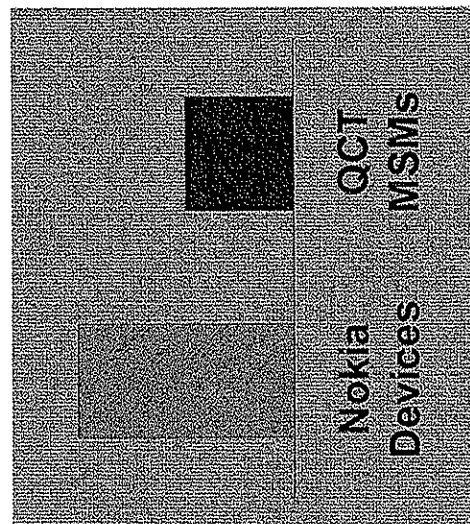
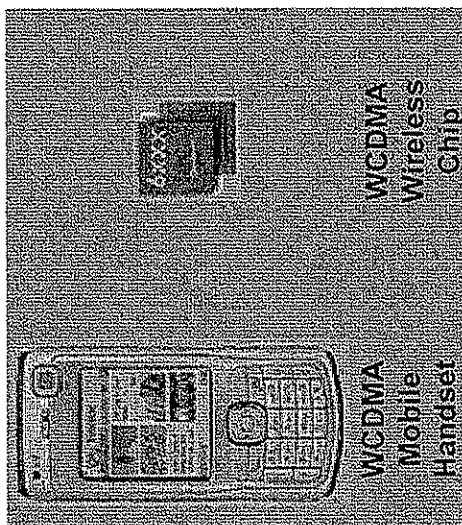
If a WCDMA chip price is  
10% that of the Handset

and

If Nokia WCDMA handsets  
sold are 2x QUALCOMM  
WCDMA chips sold

then

Nokia WCDMA revenue  
exposed is 20x QUALCOMM  
WCDMA revenue exposed





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## Possible Litigation Result Scenarios

Given the differences in WCDMA revenue exposure, the amount of any royalties payable by QUALCOMM to Nokia would not materially impact the royalty rate paid by Nokia to QUALCOMM

Nokia Theoretical Rate Payable to QUALCOMM	6%	6%	6%	6%
QUALCOMM Theoretical Rate Payable to Nokia	2.00%	1.50%	1.00%	0.50%
Net Rate Received by QUALCOMM	5.90%	5.93%	5.95%	5.98%

Even in the unlikely event that Nokia were to obtain as much as a 5% royalty on QUALCOMM's CDMA2000 chipset revenue, QUALCOMM would only need to obtain a 0.5% royalty on Nokia's GSM/GPRS/EDGE handset revenue to break-even

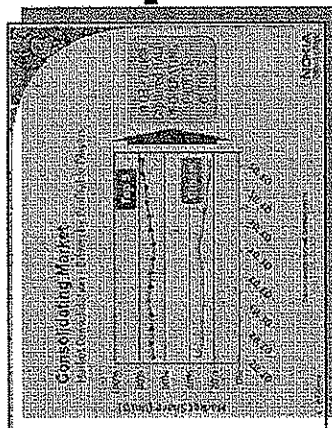
\*Based on QUALCOMM's estimates of relevant Nokia and QUALCOMM revenue over the next 4 years



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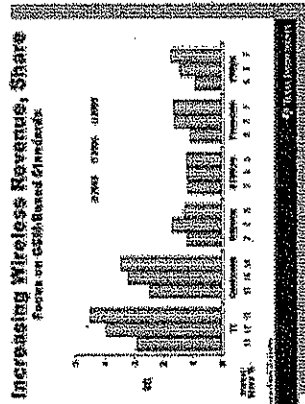
## Who is Complaining to the European Commission that QUALCOMM is Dominant?

Nokia



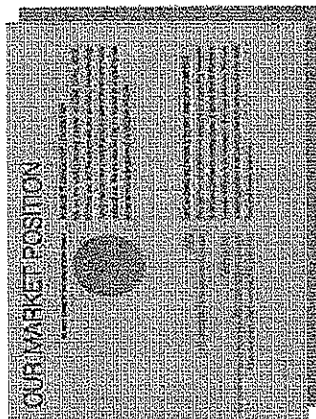
#1 Handset  
Supplier in the  
World

Texas Instruments



#1 Wireless  
Chipset Supplier  
in the World

Ericsson



#1 Infrastructure  
Supplier in the  
World

Broadcom  
+  
NEC  
Panasonic



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## The Complaint: Message to the European Commission

From October 28, 2005 Press Release by EC  
Complainants:

*"The companies believe that Qualcomm's anti-competitive behaviour has harmful effects for the mobile telecommunications sector in Europe, as well as elsewhere, because carriers and consumers are facing higher prices and fewer choices."*

PRESS RELEASE  
October 28, 2005

Leading mobile wireless technology companies led an European Commission to investigate Qualcomm's anti-competitive conduct.

Qualcomm, Inc. (NASDAQ:QCOM), a leading mobile wireless technology company, today announced that it has filed a complaint with the European Commission to investigate Qualcomm's anti-competitive conduct in the mobile wireless technology market.

The complaint states that Qualcomm is violating EU competition law and failing to meet its commitment to the industry to license its standard-essential patents (SEPs) on fair, reasonable, and non-discriminatory (FRAND) terms.

Qualcomm is accused of abusing its position as a standard-essential patent holder to restrict competition and to prevent other companies from competing in the mobile wireless technology market.

The complaint also states that Qualcomm is using its position to prevent other companies from competing in the mobile wireless technology market.

Qualcomm is accused of using its position to prevent other companies from competing in the mobile wireless technology market.

Media Enquiries:

Qualcomm:

Qualcomm:

Qualcomm:

Qualcomm:

Qualcomm:

Qualcomm:



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## Very Different Messages to Investors

### From Nokia's 3Q 2006 Earnings Conference Call:

*"And maybe I just add to that final comment, that in fact in the third quarter, the top four **margin** contributors for us were wideband CDMA products so in that way, the market is there, and will continue to be there."*

- Olli-Pekka Kallasuvo  
Nokia President & CEO

### From Texas Instruments' 4Q 2005 Earnings Conference Call:

*"3G revenue was the **biggest factor** driving our year-on-year growth."*

- Ron Slaymaker  
Texas Instruments, VP and Manager of IR

### From Ericsson's 2Q 2006 Earnings Conference Call:

*"... but the network as such is not more expensive to build in wideband CDMA technology than in GSM. How fast wideband CDMA will come I think is very much driven by where handset prices are, and they are **quickly coming down**."*

- Carl-Henric Svanberg  
Telefonaktiebolaget Ericsson, President & CEO



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## **Update - Complaints to the European Commission**

- **QUALCOMM has submitted its response to the six complaints**
- **We expect the EC to continue its informal investigation for now**
- **This process can take years**
- **Complaints are factually inaccurate and without merit**

## **Status Elsewhere**

- **South Korea**
- **Japan**



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## Broadcom Update

- U.S. District Court dismisses Broadcom's antitrust complaint
- ITC
  - ALJ's interim decision finds QUALCOMM does not infringe 2 of 3 asserted Broadcom patents and recommends against downstream remedy
  - ALJ does *not* recommend a ban on importation of QUALCOMM's chips, alone or in customers' handsets
  - QUALCOMM contests interim infringement finding on other patent and is seeking commission review
  - Deadline for full commission decision is February 9, 2007
- Other Patent Cases
  - QUALCOMM's infringement action against Broadcom set for trial on January 9, 2007



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## Cumulative WCDMA Royalty Rate

### Myth:

Cumulative royalties for WCDMA essential patents are between 25% to 30% of the handset price

### Reality:

- Cumulative royalties for WCDMA essential patents are not significantly higher than 5% of the selling price of handsets sold in Europe
- Large manufacturers typically trade essential patents royalty free with other large manufacturers, and have difficulty charging royalties to small manufacturers
- QUALCOMM chipset customers significantly reduce payments to other manufacturers due to pass through rights they receive from the use of QC chips



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## WiMax Royalties

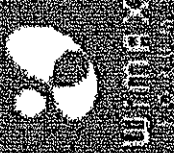
### Myth:

WiMax royalties will be zero, very low, or lower than 3G royalties

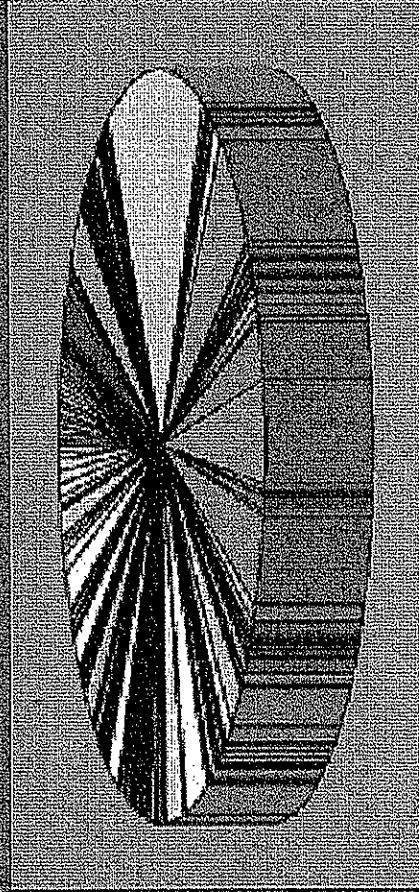
### Reality:

- There will be WiMax royalties and there is tremendous uncertainty about what the actual rate will be.
- We see no reason that the WiMax royalty will be less than 3G, and it may be significantly higher than 3G
- WiMax Forum conducted a study finding 1,550 WiMax related patents held by over 330 companies
- QUALCOMM has over 960 OFDM/OFDMA-related patents and applications, including many of such patents that are applicable to WiMax
- Who will play a role similar to QUALCOMM in 3G to enable smaller, new entrants to compete in the WiMax market?

# WiMAX Intellectual Property Rights



- Dispersed distribution of ownership of US patents<sup>\*</sup>
- No single company has a dominant IPR position



1550 patents  
are distributed  
among 330  
companies

Of the 23 Companies that hold more than 10 Patents...

74% are WiMAX Forum members, representing 82% of the patents held in concentrations of 11 or more patents per company

<sup>\*</sup> Based on independent survey of relevant and potentially relevant patents/applications for United States

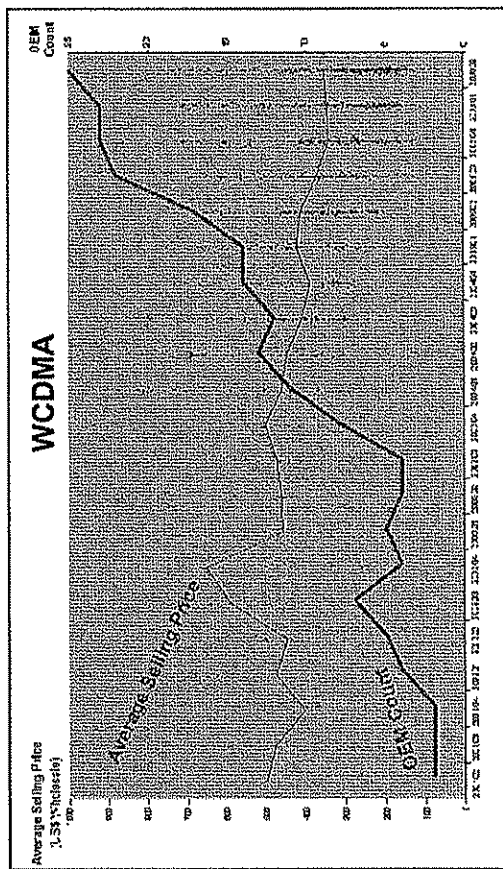
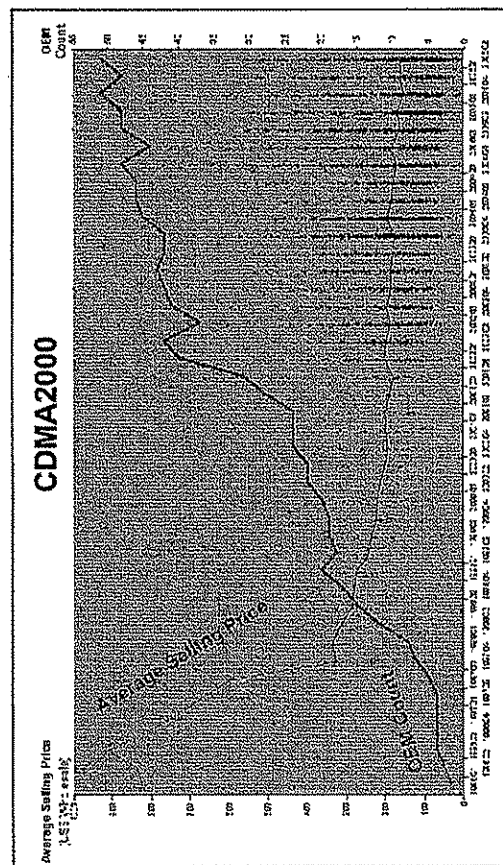
Source: Schwabman, Lundberg, Prossner & Kohn



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## Summary

- QUALCOMM's licensing terms represent a fair return on our fundamental pioneering innovations and continuous improvements
- QUALCOMM's broad licensing program promotes vibrant competition within the industry
  - QUALCOMM has not increased its standard royalty rate while its patent portfolio has grown substantially
  - Licensing model reduces royalty stacking



QUALCOMM

*Thank You!*